

Message Text

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PAGE 01 ADDIS 03829 201759Z
ACTION AF-10

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05
EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00
DHA-02 FRB-03 IGA-02 L-03 CIAE-00 INR-07 NSAE-00
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-----015375 201808Z /46

R 201205Z JUN 77
FM AMEMBASSY ADDIS ABABA
TO SECSTATE WASHDC 0000

C O N F I D E N T I A L ADDIS ABABA 3829

E.O. 11652: GDS
TAGS: IBRD ET
SUBJ: EPMG/WORLD BANK RELATIONS

REF: STATE 106156

1. DURING JUNE 17 CONVERSATION WITH ATO WOLLE CHEKOL,
HEAD ECONOMIC AND CULTURAL DEPARTMENT, MINISTRY OF
FOREIGN AFFAIRS, HE POINTEDLY RAISED WITH ECON/COMMERCIAL
COUNSELOR DELAY BY IDA OFFICIALS IN
SIGNING THE REVISED AMIBARA IRRIGATION PROJECT AND
ROAD SECTOR PROJECT LOANS. ACCORDING TO ATO WOLLE,
THE MINISTER OF FINANCE AND HE HAD OBTAINED AUTHORIZA-
TION ON AN URGENT BASIS FROM LTCOL MENGISTU FOR
ETHIOPIAN AMBASSADOR TO THE UNITED NATIONS, ATO MOHAMED
HAMI IBRAHIM, TO SIGN LOAN DOCUMENTS IN ABSENCE OF
ETHIOPIAN CHARGE MEKBIB AS THEY THOUGHT THE LOANS
HAD TO BE SIGNED BY JUNE 7. WHEN AMBASSADOR MOHAMED
ADVISED IDA OFFICIALS THAT HE WAS READY TO SIGN
THE LOAN DOCUMENTS, IDA OFFICIALS INFORMED HIM
THAT THE EPMG HAD NOT MET CERTAIN CONDITISIONS, BUT
APPARENTLY WERE NOT SPECIFIC ABOUT WHICH ONES.
AFTER BEING INFORMED BY AMBASSADOR MOHAMED OF THESE
DEVELOPMENTS, ATO WOLLE ASKED MINISTRY OF FINANCE
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PAGE 02 ADDIS 03829 201759Z

WHAT CONDITIONS WERE YET TO BE FULFILLED. AT KEBEDE
TEMESGEN, HEAD - CREDIT AND INVESTMENT DEPARTMENT,
MINISTRY OF FINANCE, STATED THAT THE TRAINING COM-
PONENT FOR THE ROAD SECTOR PROJECT WAS NOT COMPLETED
AT THE TIME OF INITIALING OF THE LOAN DOCUMENT. IT
WAS SUBSEQUENTLY SENT BUT APPARENTLY DID NOT REACH
WASHINGTON BEFORE AMBASSADOR MOHAMED COMMUNICATED

WITH IDA OFFICIALS. SO FAR AS HE KNEW THAT WAS THE ONLY UNFULFILLED CONDITION AT THAT TIME. HE CHARACTERIZED THIS CONDITION AS A MINOR ONE AND STATED THAT IN HIS VIEW A FEW YEARS AGO THE IDA WOULD NOT HAVE HELD UP LOAN SIGNATURE BECAUSE OF SUCH A TRIVIAL MATTER. ATO WOLLE SAID THAT ONLY HE, THE MINISTER OF FINANCE AND ATO KEBEDE WERE AWARE OF THIS SNAG AND HAD DECIDED NOT TO ADVISE SENIOR LEVELS (PRESUMABLY MENGISTU) FOR FEAR OF "AGGRAVATING" RELATIONS WITH IDA.

2. ATO WOLLE THEN IMPLIED BUT DID NOT EXPLICITLY STATE THAT PERHAPS THIS PROBLEM AS WELL AS REMOVAL OF THE ETHIOPIAN GRAIN STORAGE AND MARKETING PROJECT FROM THE JUNE 9 AGENDA OF THE IDA BOARD (SEE ADDIS 3625) MIGHT BE THE RESULT OF US PRESSURE ON IDA MANAGEMENT. ECON/COMMERCIAL COUNSELOR RESPONDED BY STRESSING THAT THE USG HAD NOTHING WHATSOEVER TO DO WITH IDA DECISION TO REMOVE THE GRAIN STORAGE AND MARKETING PROJECT FROM THE AGENDA AND STATED THAT HE KNEW NOTHING ABOUT THE HOLDUP OF THE LOAN SIGNATURES FOR THE OTHER TWO PROJECTS. HE INQUIRED WHETHER ATO WOLLE OR ANY OTHER ETHIOPIAN OFFICIALS HAD BEEN IN TOUCH WITH THE LOCAL REPRESENTATIVE OF THE WORLD BANK. ATO WOLLE SAID NO AND MORE OR LESS IMPLIED THAT ETHIOPIAN OFFICIALS WERE CONFIDENTIAL

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PAGE 03 ADDIS 03829 201759Z

HOPING THAT, AFTER THE TRAINING PROPOSAL HAD BEEN RECEIVED IN WASHINGTON, THE LOAN COULD BE SIGNED WITHOUT FURTHER DIFFICULTIES.

3. COMMENT: AT WOLLE WAS CLEARLY PREPARED TO DISCUSS THIS MATTER AND WAS OBVIOUSLY CONCERNED ABOUT THE IMPLICATIONS OF THESE RECENT EVENTS FOR FUTURE EPMG/IDA RELATIONS. HE STRESSED SEVERAL TIMES THE POTENTIAL DAMAGE THESE EVENTS COULD HAVE SHOULD "SENIOR OFFICIALS" OF THE EPMG BECOME AWARE OF THEM. AFTER CONSIDERABLE THOUGHT, THE EMBASSY HAS DECIDED NOT TO DISCUSS THIS MATTER WITH THE LOCAL REPRESENTATIVE OF THE WORLD BANK, THEREBY AVOIDING ANY POSSIBILITY OF EPMG SUSPICIONS OF US EMBASSY-WORLD BANK COLLUSION (ADDIS IS A VERY SMALL TOWN). EMBASSY NONETHELESS WOULD APPRECIATE ANY INFORMATION THE DEPARTMENT HAS REGARDING THE SIGNING OF THESE LOANS AND ANY INSIGHT DEPARTMENT CAN PROVIDE ON IDA SENIOR MANAGEMENT'S ATTITUDE TOWARD ETHIOPIA. EMBASSY FEARS THAT IF ADDITIONAL DIFFICULTIES CROP UP IN THE PROCESSING OF LOANS FOR ETHIOPIA, SEVERE REPERCUSSIONS IN ETHIOPIA-IDA RELATIONS COULD OCCUR. TIENKEN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IRRIGATION, BANK LOANS, HIGHWAYS, RELATIONS WITH INTERNATIONAL ORGS
Control Number: n/a
Copy: SINGLE
Sent Date: 20-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
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Format: TEL
From: ADDIS ABABA
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770641/aaaabjxl.tel
Line Count: 116
Litigation Code IDs:
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Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: d65f827a-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 STATE 106156
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 08-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2101113
Secure: OPEN
Status: NATIVE
Subject: EPMG/WORLD BANK RELATIONS
TAGS: EFIN, ECON, PORG, ET, IBRD
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/d65f827a-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009